

FINANCE & ADMINISTRATION COMMITTEE MEETING

Monday, December 4th, 2017

MINUTES

Hampden Town Office

Attending:

*Councilor Greg Sirois, Chair
Councilor Mark Cormier
Mayor Ivan McPike
Councilor Dennis Marble
Councilor Terry McAvoy
Councilor David Ryder*

*Councilor Stephen Wilde
Town Manager Angus Jennings
Rec Director Shelley Abbott
Pool Director Darcey Peakall
Rec Comm member Jane Jarvi
Auditor Kellie Bowden
Special Counsel Kate Grossman*

Chairman Sirois called the meeting to order at 6:30 p.m.

1. Meeting Minutes

- a. November 6, 2017** – There was a motion by Councilor McAvoy seconded by Councilor Ryder to approve the minutes. Approved 6-0.
- b. November 20, 2017** – There was a motion by Councilor McAvoy seconded by Mayor McPike to approve the minutes. Approved 6-0.

2. Review & Sign Warrants – *Warrants were reviewed and signed.*

3. Old Business

- a. Meeting with Auditor regarding process to complete transition from the enterprise method of accounting to revenue and expense method of accounting in the recreation and pool departments through transfer of funds from clearing accounts to reserve accounts** – *Manager Jennings summarized the materials in the packet, and noted that the Auditor was here and available for questions. Chairman Sirois called for questions. Councilor McAvoy said that putting the funds into reserve as recommended would be inappropriate, referring to the funds in the clearing accounts as “illicit gains.” He said that, had the appropriate accounting practices been in place, these revenues would have offset costs that were borne by taxpayers. He said he thinks the funds should go to the General Fund.*

Councilor Marble said his understanding is that the taxation budget supported core Rec and Pool staff, with the balance of costs covered by program revenues, and revenues coming from there being available for related purposes. He noted that some funds probably came from donations – not program fees – and Councilor McAvoy

said he would have no objection to researching which portion of the revenues came from donations so those could be available for those purposes.

Manager Jennings noted that there is documentation over the years setting out the basic enterprise funding structure, along with the policy intent that any funds above enterprise costs would be made available for those programs. He said that today's Council may or may not agree with the policy objectives of previous Councils that budgeted in this way, but that he thinks based on documentation on record that the previous Councils had their eyes wide open, and intentionally budgeted in this way for that reason.

Chairman Sirois asked if there were questions for the Auditor. Councilor McAvoy asked if this use of enterprise budgeting was an appropriate accounting method. Ms. Bowden said that it was. Councilor McAvoy asked if this use of enterprise budgeting was set up legitimately. Ms. Bowden said that it was.

Councilor McAvoy asked if there are other reserve accounts with the type of balances we're looking at here – a couple of hundred thousand. Ms. Bowden said she thinks that some reserve accounts, such as ambulance and fire truck reserves, reach these levels of funding.

Manager Jennings said that, by making the funds available for future needs through reserve funding, this would insulate property tax payers from absorbing all of these costs. Chairman Sirois said that the large amount of funds that has built up illustrates, in his opinion, that the Town has not invested properly in Rec and Pool facilities.

4. New Business

- a. Recommend Council authorization for the transfer of \$224,665.43, plus any amount added as a result of close-out of the FY17 Audit, from Recreation Clearing Account (1-199-01) to Recreation Area Reserve (3-767-00)** – *Chairman Sirois introduced the item for discussion. Motion by Councilor Marble, seconded by Mayor McPike, to recommend Council authorization for the transfer of \$224,665.43, plus any amount added as a result of close-out of the FY17 Audit, from the Recreation Clearing Account to the Recreation Area Reserve. Mayor McPike asked when that transfer would happen and Manager Jennings said that, if it is authorized, it could be transferred any time afterward. He said this would involve cutting a check from reserve to general fund, and recording it through an accounting journal entry. Chairman Sirois called for public comment*

but there was none. The motion passed 5-1 with Councilor McAvoy opposed.

- b. Recommend Council authorization for the transfer of \$58,452.92, plus any amount added as a result of close-out of the FY17 Audit, from Pool Clearing Account (1-111-05) to Pool Facility Reserve (3-771-00)** – *Chairman Sirois introduced the item for discussion. Motion by Mayor McPike, seconded by Councilor Marble, to recommend Council authorization for the transfer of \$58,452.92, plus any amount added as a result of close-out of the FY17 Audit, from the Pool Clearing Account to the Pool Reserve. Councilor Marble said that it appears that the Rec Department and citizen volunteers have done a better job planning for long-term expenses than the Town has, in some ways. Chairman Sirois called for public comment but there was none. The motion passed 5-1 with Councilor McAvoy opposed.*
- c. Recommend Council authorization for the expenditure of an amount up to \$2,592.00 from the Personnel Reserve Account (3-733-00) for the purpose of offsetting costs associated with payroll expenses for a temporary part-time worker** – *Motion by Mayor McPike seconded by Councilor Marble to recommend Council authorization for the expenditure of an amount up to \$2,592.00 from the Personnel Reserve Account for the purpose of offsetting costs associated with payroll expenses for a temporary part-time worker. Motion passed 6-0.*
- d. Recommend Council authorization for the expenditure of \$2,542.04 from the Municipal Building Reserve Account (3-702-00) for repairs to HVAC at Town Office** – *Motion by Councilor Marble seconded by Mayor McPike to recommend Council authorization of the requested reserve funding. During discussion, Councilor Marble asked how often we re-bid routine building maintenance services. Manager Jennings said that specific projects such as the Library lighting upgrade had been re-bid but that he's continuing to work with several vendors who have worked on the Town buildings in the past. He noted that he thinks it makes sense to re-bid work every 3 years or so but that doing so competes for time against other responsibilities. Councilor Ryder noted that some of the HVAC repairs appear to include work, such as checking blowers, that he thinks staff could perform. Manager Jennings said he would look into it. The motion passed 6-0.*
- e. Recommend Council authorization for the expenditure of \$1,300 from the Municipal Building Reserve Account (3-702-00) for repairs to the leaking roof at Town Office** – *Motion by Councilor*

Marble seconded by Mayor McPike to recommend Council authorization of the requested reserve funding. Motion passed 6-0.

Because Atty. Grossman was present, the Committee agreed to take Item G out of order.

g. Informational update from Special Counsel Kate Grossman, Esq., of Farrell, Rosenblatt & Russell regarding litigation with Acadia Hospital Corp. regarding applicability of Service Charge Ordinance – *Manager Jennings introduced Atty. Grossman, noting that he had engaged special counsel because of Rudman Winchell's representation of Acadia Hospital. Atty. Grossman summarized the basic legal question related to the definition of student housing, but also noted that the Court may not find that the actual use of the property by the non-owner tenant is relevant to the applicability of the Service Charge Ordinance. Councilor McAvoy asked about potential outcomes based on a Court decision and Atty. Grossman cautioned that the case is very fact specific and that she expects that the Court would make a very narrow ruling based on the particular facts of the case. Manager Jennings noted that the Council has discussed potential transition away from the Ordinance in favor of voluntary PILOT agreements with specific property owners, and there was discussion among the Committee about this. Councilor Marble said that, if a PILOT program is explored, he'd like to see it based on a clear mission statement beyond simply raising revenue.*

f. Update on RSU-22 proposed February 2018 Referendum regarding replacement of artificial turf field at Hampden Academy – *Manager Jennings summarized the materials in the packet, and noted that the RSU-22 personnel are coordinating the details of the proposed referendum through the Town Clerk's office.*

5. Public Comment – *Chairman Sirois called for public comments and Recreation Committee member Jane Jarvi asked about the composition of the Council's Committees and whether motions and seconds should be made only by those on each Committee. She said she is looking for clarification to understand the Committee process. Chairman Sirois said that motions and seconds have been accepted by any Councilor present, and Mayor McPike noted that non-Committee members in attendance do not contribute for the purpose of establishing a quorum of the Committee. Councilor Marble said that Ms. Jarvi's question warrants more consideration. Ms. Jarvi asked what is the purpose of Committees if any Councilor can vote? She said that the Councilors each invest a great deal of time, and that she thinks the Committee process was initially intended to conserve members' time. Mayor McPike said the Committee process benefits every Councilor so that they are part of each issue from the beginning. Chairman Sirois said that, because of*

the work in Committees, Council meetings tend to be quick and efficient. Manager Jennings noted that the Council Rules would be reviewed at the first meeting in January.

6. Committee Member Comments – None.

7. Adjournment

There being no further business, the meeting was adjourned at 6:46 PM.

Respectfully submitted –
Angus Jennings, Town Manager